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International Trade Commission Hearings Regarding Unalloyed Unwrought Copper

Max S. Baucus

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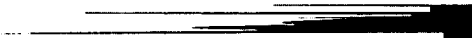
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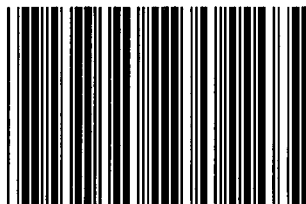
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 Remarks before the U.S. ITC Regarding Unalloyed Unwrought Copper

 05/22/1978

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BAUCUS

REMARKS OF
REPRESENTATIVE MAX BAUCUS
BEFORE THE
U. S. INTERNATIONAL TRADE COMMISSION
HEARINGS REGARDING
UNALLOYED UNWROUGHT COPPER (TA-201-32)
MAY 22, 1978
TUCSON, ARIZONA

I AM GRATEFUL FOR THE OPPORTUNITY TO SHARE MY VIEWS WITH THE COMMISSION CONCERNING THE SERIOUS CONDITION OF THE DOMESTIC COPPER INDUSTRY.

UNDER SECTION 201 (B) OF THE TRADE ACT OF 1974, THE INTERNATIONAL TRADE COMMISSION HAS INITIATED AN INVESTIGATION TO DETERMINE WHETHER UNWROUGHT COPPER, OTHER THAN ALLOYED, PROVIDED FOR IN ITEM 612.06 OF THE TARIFF SCHEDULES OF THE UNITED STATES, IS BEING IMPORTED INTO THE UNITED STATES IN SUCH INCREASED QUANTITIES AS TO BE A SUBSTANTIAL CAUSE OF SERIOUS INJURY OR THREAT, TO THE DOMESTIC COPPER INDUSTRY.

BACKGROUND

I REPRESENT THE WESTERN THIRD OF MONTANA IN THE HOUSE OF REPRESENTATIVES. MONTANA HAS BEEN BLESSED WITH AN ABUNDANCE OF MINERAL WEALTH, PARTICULARLY COPPER. COPPER MINING AND SMELTING IS A MAJOR COMPONENT OF THE STATE'S ECONOMY. SINCE 1975 THE MONTANA WORK FORCE INVOLVED IN THE EXTRACTION AND REFINING OF COPPER HAS DECLINED FROM 4,400 TO 2,600.

ON NOVEMBER 23, 1977, THE ANACONDA COMPANY ANNOUNCED THE CLOSURE OF ITS ARBITER WORKS IN ANACONDA AND THE LEACHING FACILITIES IN BUTTE, MONTANA. THIS RESULTED IN THE LAYOFF OF 250 EMPLOYEES. IN JANUARY 1978, ANACONDA ANNOUNCED THE SHUTDOWN OF ITS ANACONDA REDUCTION WORKS FOR AT LEAST TWO MONTHS, IN MAY AND JUNE. THIS SHUTDOWN AFFECTS **1,024** WORKERS IN A COMMUNITY OF 9,000. THE MONTANA COPPER INDUSTRY IS IN A DEPRESSION UNEQUALLED SINCE THE 1930'S. IT IS EXPERIENCING SHUTDOWNS, CURTAILMENTS, SEVERE UNEMPLOYMENT, FINANCIAL LOSSES AND HIGH DEBT LEVELS.

THIS DEPRESSION IS A DIRECT CONSEQUENCE OF OVER-PRODUCTION ABROAD -- RESULTING IN HEAVY IMPORTS INTO THE UNITED STATES, OFTEN AT RUINOUSLY LOW PRICES. THE DOMESTIC COPPER INDUSTRY IS LOSING ITS MARKETS TO FOREIGN IMPORTS AT AN ALARMING RATE. FROM A HISTORIC AVERAGE OF NINE PERCENT OF U. S. CONSUMPTION, IMPORTS ROSE IN 1976 AND 1977 TO A RATE OF ABOUT 20 PERCENT, AND IN LATE 1977 AND EARLY THIS YEAR, THE IMPORT RATE EXPLODED TO NEARLY 30 PERCENT.

HISTORICALLY, THE UNITED STATES PRODUCED ABOUT 25 PERCENT OF THE WORLD'S SUPPLY OF COPPER, MAKING IT THE LARGEST PRODUCER OF THIS VITAL METAL. AMERICA IS ALSO THE WORLD'S LARGEST CONSUMER OF COPPER. ANNUALLY COPPER'S CONTRIBUTIONS TO THE NATION'S ECONOMY ARE REFLECTED IN ANNUAL SALES OF BETWEEN \$2.5 AND \$3 BILLION OF REFINED METALS AND DIRECT EMPLOYMENT, IN NORMAL PERIODS, OF OVER 50,000 PEOPLE, PLUS BILLIONS OF DOLLARS OF ADDITIONAL SALES AND THOUSANDS OF ADDITIONAL JOBS IN THE FABRICATION OF COPPER PRODUCTS.

C
MORE IS AT STAKE IN THIS COPPER DILEMMA THAN THE JOBS OF COPPER WORKERS AND SECONDARY SERVICE INDUSTRIES. THERE ARE THOUSANDS OF JOBS, NATIONWIDE IN BASIC INDUSTRIES SUCH AS THE ELECTRICAL, ELECTRONIC, HOUSING, CONSTRUCTION, INDUSTRIAL MACHINERY AND EQUIPMENT, AND TRANSPORTATION INDUSTRIES THAT DEPEND UPON COPPER. COPPER IS A VITAL COMPONENT OF DEFENSE ELECTRONICS, ORDNANCE AND WEAPONRY. IF THE U. S. INDUSTRIES STRENGTH IS FURTHER REDUCED BY CONTINUED IMPORTS, THESE COPPER-DEPENDENT INDUSTRIES, AS WELL AS THE NATIONAL SECURITY, WOULD BE JEOPARDIZED.

C
THE DOMESTIC COPPER INDUSTRY'S PROBLEMS ARE NOT ROOTED IN ANY FAILURE TO MODERNIZE OR REMAIN COMPETITIVE. WHILE I HAVE CRITICIZED THE INDUSTRY IN THE PAST FOR FAILING TO MEET COMPETITION HEAD-ON, THE INDUSTRY HAS INVESTED HEAVILY IN MODERN EQUIPMENT TO INCREASE EFFICIENCY AND PRODUCTIVITY. TODAY, AMERICAN COPPER PRODUCERS ARE AMONG THE MOST MODERN AND EFFICIENT PRODUCERS IN THE WORLD.

SINCE WORLD WAR II THE AMERICAN COPPER INDUSTRY HAS DEVELOPED 19 MAJOR NEW MINING PROPERTIES INTO COMMERCIAL PRODUCTION AND HAS COMPLETED FOUR NEW COPPER SMELTERS, AND SIX NEW REFINERIES. AS A RESULT, COPPER IMPORTS WERE ONLY AN AVERAGE OF NINE PERCENT OF DOMESTIC USEAGE BETWEEN 1970-1975, WHEN THE U. S. WAS STRAINING TO IMPROVE ITS BALANCE OF PAYMENTS. BECAUSE OF A VITAL DOMESTIC COPPER INDUSTRY, BILLIONS OF DOLLARS WERE SAVED THAT WOULD HAVE OTHERWISE FLOWED TO FOREIGN COUNTRIES FOR COPPER PRODUCTS.

IT IS INTERESTING TO NOTE THAT THE CURRENT COPPER DEPRESSION IS NOT A RESULT OF REDUCED DEMAND FOR THE PRODUCT. TO THE CONTRARY, WORLD CONSUMPTION OF COPPER HAS SELDOM BEEN GREATER. FREE WORLD COPPER USE INCREASED FROM 6,415,000 SHORT TONS IN 1970 TO AN ESTIMATED 7,590,000 SHORT TONS IN 1977 -- AND DEMAND REMAINS STRONG, PARTICULARLY IN THE UNITED STATES.

THE DIRECT CAUSE OF THE EXISTING PARADOX HAS BEEN THE INCREASED IMPORTATION OF COPPER FROM FOREIGN SOURCES, WHICH HAS DEPRESSED DOMESTIC COPPER PRICES AND FORCED U. S. MINES TO CURTAIL PRODUCTION OR SHUTDOWN.

IMPORTS OF COPPER HAVE FORCED DOMESTIC COPPER PRICES DOWN TO DANGEROUSLY LOW LEVELS, IN MANY INSTANCES BELOW PRODUCTION COSTS. SOME OF THE U.S. MINES WHICH HAVE CLOSED MAY NEVER REOPEN.

THE U. S. COPPER INDUSTRY HAS, FOR ITS SIZE, SPENT MORE ON POLLUTION CONTROL THAN ANY OTHER MAJOR U. S. INDUSTRY. ABOUT 25 PERCENT OF TOTAL COPPER INDUSTRY CAPITAL EXPENDITURES OVER THE PERIOD 1972 TO 1975 WERE FOR POLLUTION ABATEMENT. THE COMMISSION SHOULD KEEP IN MIND THAT COPPER PRODUCERS IN DEVELOPING COUNTRIES ARE NOT REQUIRED TO MAKE CAPITAL EXPENDITURES FOR POLLUTION ABATEMENT, AND VERY FEW HAVE.

~~FROM AN~~ ^{IN} ECONOMIC, DEFENSE AND HUMAN TERMS THE CONDITIONS PREVALENT IN THE CURRENT DOMESTIC COPPER MARKET CANNOT BE ALLOWED TO CONTINUE. COPPER IS ESSENTIAL TO BOTH THE SECURITY OF THE UNITED STATES AND ITS ECONOMY. THIS NATION CANNOT ALLOW A FLOOD OF IMPORTS TO JEOPARDIZE THIS COUNTRY'S SELF-SUFFICIENCY IN A

METAL WHICH SUPPORTS BOTH THE NATIONAL SECURITY AND A WIDE VARIETY OF BASIC INDUSTRIES.

THE DEPARTMENT OF LABOR HAS RULED UNDER PROVISIONS OF THE TRADE ACT OF 1974 THAT OVER 12,000 COPPER WORKERS ARE ELIGIBLE FOR FEDERAL BENEFITS BECAUSE INCREASED IMPORTS HAVE CONTRIBUTED IMPORTANTLY TO THE LAYOFFS AND CURTAILMENTS WHICH ARE REDUCING OR STOPPING THEIR NORMAL INCOME.

THE ECONOMIC CONDITION OF THE DOMESTIC COPPER INDUSTRY IS DISMAL. THE RELIEF REQUESTED BY AMERICAN COPPER PRODUCERS WOULD REDUCE UNEMPLOYMENT AND MAINTAIN A VIABLE DOMESTIC COPPER INDUSTRY. I URGE THE COMMISSION TO TAKE EXPEDITIOUS ACTION IN FAVOR OF THIS REQUEST. THE COPPER DEPENDENT ECONOMIES OF OUR WESTERN STATES HAVE SUFFERED LONG ENOUGH WITHOUT REDRESS.

THANK YOU VERY MUCH.